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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/834,035	04/11/2001	Henry Ross Perot	3063:26	1760

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EXAMINER

DASS, HARISH T

ART UNIT	PAPER NUMBER
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3628

DATE MAILED: 08/09/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/834,035

Applicant(s)

PEROT ET AL.

Examiner

Harish T. Dass

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 04/11/2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-47 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-47 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____

DETAILED ACTION

Claim Rejections - 35 USC § 101

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 33, 38-47 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural

phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the

"technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a

§101 rejection finding the claimed invention to be non-statutory. See Ex parte Bowman, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, Claims 33, 38-47 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. Therefore, the claims are directed towards non-statutory subject matter. To overcome this rejection the Examiner recommends that Applicant amend the claims to better clarify which of the steps are being performed within the technological arts.

Claim Rejections - 35 USC § 102

2. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-2 and 4 are rejected under 35 U.S.C. 102(e) as being anticipated by Nieboer et al (hereinafter Nieboer – US 6,418,419).

Re. Claim 1, Nieboer discloses a system, method and apparatus [Abstract; Figures], an identifier that identifies a customer relative to an ownership position in the company [C11 L1-L61],

a transactional component that facilitates an economic transaction [Abstract; C1 L5-L42],

a transactional relay component, communicatively coupled to the transactional component, that facilitates a response to a server system regarding the economic transaction, the response including the identifier so that the server system can locate additional information on the customer and so that the server system can associate information on the economic transaction to the customer [Figures 1-3; C5 L15 to C6 L40].

Re. Claims 2 and 4, Nieboer discloses wherein the client communicates to the server through an interconnected network [Figures 1-3; C1 L5-L42; C2 L40-L43], and wherein the economic transaction is a transaction taking place through an interconnected network [Figures 1-3; C1 L5-L42; C2 L40-L43].

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

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Claims 3 and 5-12 are rejected under 35 U.S.C. 103(a) as being unpatentable over Nieboer.

Re. Claims 3, 5-12 Nieboer discloses wherein the transactional component is circuitry facilitating a transaction (terminal) [C22 L47-L50], the other source comprising a personal digital assistant (workstation such as PC) [C20 L37-L60]. And wherein the identifier is received from another source (database) [C3 L33-L35]. Nieboer does not explicitly disclose wherein the transactional relay component is a mass storage device (RAM, hard drive, etc),

wherein the transactional component is a web browser, wherein the transactional relay component is a wireless network interface, the other source comprising a wireless networking device, the other source comprising a wireless device, and the other source comprising digital smart card.

However, a web browser, a wireless network interface, the other source comprising a wireless networking device, the other source comprising a wireless device and the other source comprising digital smart card are well known method/mode of communications and identification (smart card), and it would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosures of Nieboer and include wireless communication system and web browser to use the capability of these new common mode of communication which provides the user more flexibility to trade remotely and smart card to identify the customer.

Claims 13-47 are rejected under 35 U.S.C. 103(a) as being unpatentable over Nieboer in view of Martin et al, 1991, "Basic financial Management", 5th Edition, Prentice Hall Inc., ISBN 0-13-060807-6 (hereinafter Martin).

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Re. Claims 33, 38-39 Nieboer discloses monitoring economic activity associated with the individual [see entire document of Nieboer particularly; Abstract; Figures 1-3, 16; C1 L5-L41; C2 L18-L22; C15 L50 to C16 L67];

and limiting the risk associated with the first type of ownership to an amount less than the investment [C3 L15-L21; C11 L1-L60; C19 L64-L67]. Nieboer does not explicitly disclose - offering an individual an opportunity to convert the individual's first type of ownership in the entity to the second type of ownership interest based upon predefined criteria,

wherein the first ownership interest is preferred stock, and

wherein the second ownership interest is common stock.

However, Martin disclose this feature (preferred stock or first type ownership and common stock or second type ownership) [see chapter 20 of Martin pages 743-757, specially pages 1 and 747] to allow the individual to convert his/her income type security such as preferred stocks (stable income) to different type of security such as common stocks and benefit from rise in the price of common stock.

Re. Claims 34-37, Nieboer discloses the step of monitoring taking place through an interconnected network [C1 L5-L13; C1 L32-L33; C2 L42] and wherein the economic activity is effectuated by a network appliance (terminal) [C22 L47-L50]. Nieboer does not explicitly disclose monitoring occurring over a web browser, and wherein the economic activity is effectuated by a wireless device. However, web browsers and wireless communication systems are well known, and it would have been obvious at the

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time the invention was made to a person having ordinary skill in the art to modify the disclosures of Nieboer and Martin to include wireless communication system and web browser to use the capability of these new common mode of communication which provides the user more flexibility to trade remotely.

Re. Claim 40, Nieboer discloses wherein the predetermined criteria is a level of economic activity (conditional offer) [C3 L48-L67].

Re. Claim 41, Martin further discloses wherein the first ownership interest has an expiration time [Page 745] to allow the owner to convert the security before number of years have passed. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Nieboer and include an expiration time for the first ownership interest to allow the owner to change the security per specified time stated in original issue.

Re. Claims 42-47, Nieboer discloses the step of limiting the risk comprising investing a portion a proceeds from the investment into a fixed income investment (bond) [C1 L5-L13; C15 L50 to C18 L50], the step of limiting the risk comprising investing a portion a proceeds from the investment into a bond (treasury to bonds) [C1 L5-L13; C15 L50 to C18 L50], the step of limiting the risk comprising investing a portion of the amount of investment with a guarantor (option trader) [C1 L5-L13; C15 L50 to C18 L50]. Neither Nieboer nor Martin explicitly discloses the step of limiting the risk comprising securing a

financial guarantee from a third party, wherein the amount less than the investment is zero, and wherein the amount less than the investment is less than 20% of the investment amount. However these are well-known features to one skill in the art of trading. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosures of Nieboer and Martin and specify the risk level, which is acceptable to investor (trader) in case of losses.

Re. Claim 13, Nieboer discloses a transactional reception component that receives information on an economic transaction relating to an individual [Figure 1 # 1; C4 L5-L10], a transactional processing component, communicatively coupled to the transactional reception component, that determines in what form the individual may participate in ownership of the company [C1 L5-L13; C1 L32-L33; C2 L40-L44; C22 L47-L50], and the risk associated with the first form of ownership being limited to a predetermined amount, the predetermined amount being less than an initial investment of the individual in the first form of ownership [C3 L15-L21; C11 L1-L60; C19 L64-L67], and a data storage medium, communicatively coupled to the transactional processing component, that stores information on ownership rights in the company relating to the individual (database) [C8 L18]. Nieboer does not explicitly disclose the transactional processing component determining that the individual is entitled to convert a first form of ownership in the company to a second form of ownership.

However, Martin discloses this feature (preferred stock or first type ownership and common stock or second type ownership) [see chapter 20 of Martin pages 743-757,

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specially pages 1 and 747] to allow the individual to convert his/her income type security such as preferred stocks (stable income) to different type of security such as common stocks and benefit from rise in the price of common stock.

Re. Claim 18, Nieboer discloses wherein the predetermined criteria is a level of economic activity [C1 L5-L41; C2 L18-L22; C15 L50 to C16 L67].

Re. Claims 17, 20-21, Martin further discloses wherein the conversion from the first form to the second form is based on a predetermined criteria, wherein the first form of ownership is a preferred stock, and wherein the second form of ownership is a common stock [Martin - pages 743-757, specially pages 1 and 747]. to allow the individual to convert his/her income type security such as preferred stocks (stable income) to different type of security such as common stocks and benefit from rise in the price of common stock.

Re. Claims 14-16 and 19, neither Nieboer nor Martin explicitly discloses wherein the transactional reception component is an interface to an interconnected network, wherein the transactional reception component is a mass storage device reader, and wherein the transactional reception component is a keyboard, and wherein the data storage medium is a semiconductor memory. However these are found in most client/server system (e.g. online trading systems).

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Re. Claims 22-23, claims 22-23 are rejected with same rational claim 42-47.

Re. Claims 24-27, claims 24-27 are rejected with same rational as claims 13-16.

Re. Claim 28, claim 28 is rejected with same rational as claim 17.

Re. Claim 29, claim 29 is rejected with same rational as claim 18.

Re. Claim 30, claim 30 is rejected with same rational as claim 19.

Re. Claims 28, 31 and 32, claims 28, 31-32 are rejected with same rational as claim 17, 20-21.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Applicant is required under 37 CFR ' 1.111 (c) to consider the references fully when responding to this action.

US 6,347,307 to Sandhu et al, February 12, 2002 "System and method for conducting web-based financial transactions in capital markets" discloses The present invention provides a system and method that enables users, such as institutional investors and financial institutions, to engage in capital market transactions, including the trading of Over-the-Counter financial products, via the Internet (including the World Wide Web).

Michael et al, 1992 "Liquidity Costs and Stock Price Response to Convertible Security Calls", Journal of Business, vol. 65, no. 3, The University of Chicago, discloses calls of in-the money convertible securities are reexamined in light of a short-run liquidity cost explanation of observed price behavior.

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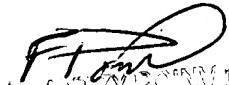
Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T. Dass whose telephone number is 571-272-6793. The examiner can normally be reached on 8:00 AM to 4:50 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S. Sough can be reached on 571-272-6799. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Harish T Dass
Examiner
Art Unit 3628

8/4/05


PRIMARY EXAMINER
AU 3628